

# **Shree Narayana College of Commerce**

Bachelor of Commerce

Semester – 6

Subject Code – CE 304

Academic Year – 2024-25

Subject – AUDITING-II

## **UNIT-1 AUDIT OF JOINT STOCK COMPAINIES**

Q-1 Discuss provisions of Companies Act of the following.

1. Shares issued for consideration other than cash
2. Redemption of Preference Share
3. Bonus shares
4. Payment of interest out of capital

Q-2 Distinguish between:

1. Interim Dividend an Final Dividend
2. Bonus Shares and Right Shares

Q-3 Discuss Auditor's Duties in respect of:

1. Issue of shares at premium
2. Forfeiture of shares
3. Issue of Redeemable Preference Shares

## **UNIT-2 AUDITORS REPORT AND CERTIFICATE**

Q-1 Distinguish between:

1. Auditor's Report and Auditor's Certificate
2. Clean Report and Qualified Report

Q-2 Explain meaning of "True and Fair" used in Auditor's Report. Explain the importance of auditor's certificate.

Q-3 Give Short answers:

1. To which Act is the auditor expected to address his report?
2. To which parties is the auditor expected to address his certificate.
3. What should be done a board of directors if auditor has given a qualified report?
4. Which date is to be mentioned in audit report.

## **UNIT-3 DIVISIBLE PROFIT**

Q-1 From the following information of ABC ltd. Determine its divisible profit for the year 2023-24.

Year	Profit/Loss before depreciation	Depreciation prescribed as per law	Unabsorbed depreciation
2021-22	(-) 90,000	30,000	7,500
2022-23	(+) 30,000	45,000	12,000
2023-24	(+) 3,15,000	75,000	-

Q-2 Determine divisible profit for 2023-24 from the following information of MNP Ltd.

Year	Profit/Loss before depreciation	Depreciation prescribed as per law	Depreciation provided
2021-22	(-) 75,000	25,000	15,000
2022-23	(-)60,000	30,000	25,000
2023-24	(+) 1,50,000	35,000	-

Q-3 Following balances are available from the book o the company as on 31-3-2023.

- |                                      |              |
|--------------------------------------|--------------|
| 1. Net profit for the year 2022-23   | Rs. 5,00,000 |
| 2. Security premium                  | Rs. 1,00,000 |
| 3. Capital Redemption Reserve        | Rs. 2,50,000 |
| 4. Net profit from the sale of asset | Rs. 3,20,000 |
| 5. Accumulated loss of past years    | Rs. 20,000   |

Equity share capital of the company is Rs. 25,00,000. Company decides to transfer 10% to General Reserve. Find out the highest rate of dividend which the company can declare.

Q-4 Determine divisible profit for 2023-24 from the following information of PQR Ltd.

Year	Profit/Loss before depreciation	Depreciation prescribed as per law	Provision for Depreciation	Profit/Loss after dep.
2021-22	(-) 1,00,000	30,000	20,000	(-) 1,20,000
2022-23	(-)50,000	45,000	25,000	(-) 75,000
2023-24	(+) 4,00,000	50,000	50,000	(+) 3,50,000

#### UNIT-4 INVESTIGATION AND AUDIT PROGRAMME

Q-1 Distinguish between investigation and auditing

Q-2 Explain points to be considered while conducting an investigation on behalf of an intending

purchaser of business.

Q-3 Explain points to be considered while conducting an investigation on behalf of a bank

granting loans/ creditors.

Q-4 Write audit programme of an educational institutions like schools, colleges and universities.

Q-5 Write audit programme of a hospital run by public charitable trust.